

Regular Meeting
Board of Public Works
Water Warehouse
August 8, 2023

The regular meeting of the Board of Public Works Commission was held at the BPW Water Warehouse, 330 E. Washington, Tuesday, August 8, 2023. Commissioner Query called the meeting to order at 3:30 p.m.

PRESENT: Commissioners – Chairperson Boerman, Query, Dykstra and Walters

ABSENT: Commissioners – Vice Chair Cooney

Staff Present: BPW General Manager Boatright (Electronically) Electric Power Supply & Market Operations Manager Mulder, Water Manager Levandoski, Utility Accounting & Finance Manager Chrisman, T & D Manager Coots and City Clerk Holmes

Guests: Perry Beachum and Charlie West from Lowell Light and Power

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to approve the minutes of the July 11, 2023 Regular Meeting. Motion carried. All voting aye.

Public Comment

No public comment given.

Safety Minute

The Safety Minute this month was regarding sleep deprivation.

*Chairperson Boerman entered the meeting.

New Employee Introduction

Chrisman introduced Kelcie Koster who has joined the Accounting, Finance & Customer Service team as the Purchasing & Accounts Payable Coordinator. Kelcie comes to the BPW from CVS, where she most recently held the position of lead pharmacy tech. Although new to the office environment, staff is confident that Kelcie possess the skills to take this position to the next level. To be a pharmacy tech, one must be detail oriented. To move from a retail cashier, to supervisor, to pharmacy tech, to lead pharmacy tech, one must also learn quickly and demonstrate initiative. While at CVS, Kelcie accomplished a 100% pharmacy inventory showing her desire to strive for excellence. Staff is excited to have Kelcie join the team.

Financial Reports

Chrisman gave an update on the Electric Department and Water Department's revenues, expenditures, assets and electric rates and fees.

23.054 Approve Cash Disbursements and Regular Monthly Transfers

Motion was made by Commissioner Walters and seconded by Commissioner Query to approve the June, 2023, cash disbursements and the regular monthly transfers for the month of June, 2023 as follows:

Cash and Investments as of: June 30, 2023	Electric	Water
Receiving	\$1,438,911	\$464,715
Accumulated Debt Service (in Receiving Fund)	-	-
Plant Improvements and Contingencies	\$18,148,900	\$12,097,313
Bond and Interest Payment Reserve*	-	-
Totals	\$19,587,811	\$12,562,028

* Reserve required per electric and water revenue bond ordinances.

Recommended Transfers for the Month: June, 2023

	Electric	Water
Receiving	(44,214)	(57,300)
Accumulated Debt Service	-	-
Plant Improvements and Contingency	-	57,300
General Fund (per charter provision)	44,214	-

Motion carried. All voting aye.

Water Operations

Manager Levandoski reviewed the Water Department report and updated the Board on the Water projects and informational items.

Transmission and Distribution Operations

Electrical Transmission and Distribution Manager Coots updated the Board on activities including the T & D Department Report.

Coots explained as part of the City of Zeeland Main Street snowmelt addition and street resurfacing project, the city has decided to include new poles, fixtures, and additional outlet boxes for food trucks and other electrical needs. To provide low voltage electrical services to the downtown corridor, Polarity Electric was chosen to run the new streetlight wiring, purchase fixtures and poles, and install all the new equipment. This recommendation is for installing load centers for all the streetlighting and auxiliary power receptacles associated with the Main Street project.

Currently, the downtown streetlighting has multiple feeds from various transformers across the corridor with many splices and confusing paths. These additional splices and awkward wire arrangement make it difficult to troubleshoot and maintain equipment in the downtown area. To complete the streetlighting downtown effectively, having four dedicated load centers will allow for a cleaner installation and easier maintenance.

The bid from Polarity Electric covers the materials, site preparation, and installation of (3) 200-Amp and (1) 400-Amp load centers. Polarity Electric will be adding concrete foundations, installing conduit, providing electrical panels, and 48" by 48" weatherproof enclosures for all the services.

23.055 Zeeland Streetscape Services Bid Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award the Zeeland Streetscape Services to Polarity Electric in the amount of \$30,835.00 for three (3) 200-Amp and One (1) 400-Amp streetlighting load centers. Motion carried. All voting aye.

Coots reported as part of a comprehensive preventative maintenance program, switchgear should periodically be cleaned to remove dust, debris, and corrosion that accumulate naturally over time in outdoor equipment. When equipment insulation is compromised it has greater chances of arcing to ground damaging equipment, creating outages, and potential risk to employee and public safety. Cleaning reduces the likely hood of energized equipment tracking and ensures effectiveness of equipment insulation.

Although discussions have taken place with multiple vendors, staff again recommend sole sourcing of this service to Premier Line Services. For several years we have been getting pad-mounted switchgear and metering cabinets cleaned by Premier Line Services and have had excellent results. Premier Line Services also clean equipment at

neighboring municipal utilities, Holland Board of Public works and Grand Haven Board of Light and Power. Due to scheduling this in conjunction with our neighboring utilities we are able to share the mobilization cost for this service.

This professional service cost has been included in the 2024 fiscal year Operations and Maintenance budget of utility lines professional and contracted services. We estimate the cost to be roughly \$25,000 for three days of switchgear and equipment dry ice cleaning.

23.056 Pad Mounted Switchgear Dry Ice Cleaning Professional Services Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Walters to award a not-to-exceed professional services contract totaling \$25,000.00 to Premier Line Services to perform switchgear cleaning. Motion carried. All voting aye.

Electric Power Supply & Market Operations

Manager Mulder updated the Board on current operations status, activities, projects, MPPA initiatives and the Autumn Hills PPA.

Mulder explained the Zeeland Board of Public Works (BPW) utilizes software developed by Survalent Technology Inc. for its electric SCADA system. Like most software providers, an annual support agreement is required to receive the services necessary to maintain reliable operation, including:

- Access to the latest software releases, with the latest product features and patches
- Telephone emergency support (24x7)
- Access to the online support portal for downloads, documentation, knowledge base articles, etc.

Our current Survalent software support contract is a 3-year ‘Silver’ support plan that was initiated in 2020 and expires October 10, 2023. It is essential that this be extended for a minimum period of one year, to ensure that access to these essential support services is maintained.

After re-evaluating our needs, staff concluded that our current support plan of ‘Silver’ should be maintained as it is the minimum level necessary to receive 24x7 emergency support and other features we deem essential. Plans are available that provide additional features, but at the present time we do not believe those merit the additional cost. The ‘Silver’ support plan includes one conference and training pass to Survalent’s annual Global User Conference, which staff attended in 2019 and will again this September.

Survalent offers discounts on multi-year contract renewals, limited to 2 and 3-year agreement terms. Because staff anticipate using Survalent as our electric SCADA system software for at least the next 3 years, it seems prudent to take advantage of these discounts and renew the support agreement for the maximum term. Details of the support contract costs are provided below:

Silver SCADA Support Plan - 1 Year:	\$15,494.00
Silver SCADA Support Plan - 2 Years:	\$30,219.00 (\$15,109.50 / year, 2.5% savings)
<u>Silver SCADA Support Plan - 3 Years:</u>	<u>\$44,164.00 (\$14,721.33 / year, 5.0% savings)</u>
Estimated savings over (3) years:	\$2,318.00 (assumes no annual escalator)

The cost of this plan has escalated 9.6% annually since our agreement in 2020 due to inflationary increases and additional software features purchased during that time (Replicator/Archiver, and WebSurv).

23.057 Electric SCADA Survalent Software Support Contract Renewal Recommendation

Motion was made by Commissioner Dykstra and seconded by Commissioner Query to authorize renewing the Survalent SCADA annual support contract at the ‘Sliver’ support plan level for a period of 3 years, at a total cost of \$44,164.00. This cost will be evenly allocated, \$14,721.33, against the FY2024, FY2025 and FY2026 fiscal year O&M budgets. Motion carried. All voting aye.

Mulder reported since registering the NANR Autumn Hills Landfill Gas Generation Facility with the Public Utilities Commission of Ohio (PUCO) in 2020, the BPW has successfully executed several REC sales in the Ohio market. Although the spread in REC pricing between the Ohio and Michigan markets has diminished, it remains financially beneficial to take advantage of this opportunity, offsetting a portion of the Autumn Hills Generation PPA price.

In recent weeks, staff have received multiple inquiries from brokers seeking to purchase Ohio REC’s in the GATS system. With prices rebounding in recent months, staff are looking for opportunities to execute a sale based on current market conditions and as part of a dollar-cost averaging strategy. Accordingly, staff requests authorization to transact up to 18,000 REC’s (the estimated annual production) at a minimum price of \$5.00/REC, about \$2.00/REC more than the current Michigan market. The BPW presently has 6,427 REC’s (2023 vintage) in its GATS account available for purchase. It is staff’s intent to execute the best deal available, and at current market prices of ~\$7.00/REC would consider selling the entire balance.

With the Ohio compliance filing deadline not until next April, staff anticipates that Ohio market pricing may increase marginally in the coming months, but not to levels seen in recent years due to increased supply.

23.058 NANR Autumn Hills Ohio Market REC Sale Transaction

Motion was made by Commissioner Walters and seconded by Commissioner Query to authorize selling up to 18,000 Ohio Renewable Energy Credits (REC’s), limited by the number available in the BPW’s account at the time and at a minimum price of \$5.00/REC. Such transactions would be for REC’s previously received, and not forward sales. These may be executed as a single or multiple transactions, based on the specific transaction volume / price / terms negotiated with the counterparty. The proceeds of all such transactions will offset a portion of the BPW’s power supply costs; staff recommends the Agreement be signed by the BPW’s General Manager with the selected counterparty(s), subject to the terms reviewed and approved by BPW staff and the City Attorney. Motion carried. All voting aye.

Accounting, Finance & Customer Service Update

Manager Chrisman updated the Board on current operations status, activities and projects.

Chrisman explained in the Spring of 2021, Utility Financial Solutions, Inc. (UFS) was retained by Zeeland BPW to perform a review of water connection fees. The objective of this study was to establish fee structures that can be justified through the “equity method” cost-of-service analyses thereby ensuring rates and fees sufficiently cover operating expenses as well as future renewals and replacement capital expenses. UFS provided further guidance as follows:

The equity method is one standard methodology according to AWWA. The reasons for a connection fee study are to help ensure:

- 1. There is a formal methodology documented on how the connection fee is calculated - connection fees are increasingly being challenged in Michigan.*

2. *There is a consistent fee by meter size connection – the meter is what restricts the max flow; and basing charges on meter size helps ensure consistency between customers.*
3. *There is simplicity on the amount of fees customers are charged at connection – many utilities can have multiple charges and it is not easily identifiable what the charges are for and avoid cross subsidization (in other words, giving credence to the likelihood of cross-subsidization).*

On July 16, 2021 Board Members approved to eliminate the Front Foot, Trunkage, and Tap charges and instead assess a per-meter connection fee. Under this fee structure, charges correlate more closely to the ultimate volume of water to be consumed at the site using meter size as the basis, as opposed to parcel size.

In conjunction, on June 21, 2022, Board Members approved Ordinance No. 1013, Contingent on City Council approval. City Council approved Ordinance No. 1012 at their July 5, 2022, meeting approving water connection fee structure as recommended in the connection fee cost of service study performed by Utility Financial Solutions. The new connection fees became effective for bills rendered immediately after this approval.

Consistent with 2022 practice, staff was able to utilize the equity method calculations provided by UFS in 2021 to update connection fees relevant to fiscal system changes. Staff recommends an update of the two (2) fee schedules – one for service to a single dwelling to be served from existing water main, the other for service to a subdivision or development where the water main is to be supplied and installed by the developer based on System Equity Costs.

Resident				Developer			
Current Fee		Proposed Fee		Current Fee		Proposed Fee	
Meter Size (inches)	Fee per meter	Meter Size (inches)	Fee per meter	Meter Size (inches)	Fee per meter	Meter Size (inches)	Fee per meter
5/8"	\$ 5,337	5/8"	\$ 5,398	5/8"	\$ 2,557	5/8"	\$ 2,481
¾"	\$ 8,005	¾"	\$ 8,096	¾"	\$ 3,836	¾"	\$ 3,722
1"	\$ 13,342	1"	\$ 13,494	1"	\$ 6,393	1"	\$ 6,203
1 ½"	\$ 26,684	1 ½"	\$ 26,988	1 ½"	\$ 12,786	1 ½"	\$ 12,405
2"	\$ 42,694	2"	\$ 43,180	2"	\$ 20,457	2"	\$ 19,848
3"	\$ 80,052	3"	\$ 80,963	3"	\$ 38,357	3"	\$ 37,216
4"	\$ 133,419	4"	\$ 134,938	4"	\$ 63,928	4"	\$ 62,026
6"	\$ 266,839	6"	\$ 269,877	6"	\$ 127,857	6"	\$ 124,053
8"	\$ 426,942	8"	\$ 431,803	8"	\$ 204,571	8"	\$ 198,484
10"	\$ 613,729	10"	\$ 620,716	10"	\$294,070	10"	\$ 285,321

The proposed fee structure is defensible, easy to administer, and reflective of the actual costs to provide water service. Our fees compare favorably in Ottawa County. Since the water connection fees are codified in the Zeeland Code, approval of an ordinance (Ordinance No. 1023) is necessary to enact the changes.

23.059 Water Connection Fee Revisions – Ordinance 1023

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve recommending the proposed water connection fee structure in the connection fee cost of service study performed by Utility Financial Solutions as presented herein for City Council consideration at their August 21, 2023, regular meeting with the anticipation that the new connection fees would become effective for bills rendered immediately after approval. Motion carried. All voting aye.

Chrisman reported the Ottawa County Community Action Agency – not to be confused with Community Action House – exists to reduce the effects of financial hardships by promoting self-sufficiency and empowering individuals and families to achieve economic independence. Community Action Agency helps the Zeeland community by working with utility providers to find ways to assist with energy bills while supporting those seeking self-sufficiency.

Ottawa County Community Action Agency relies on federal grants and local funding from area utilities. Community Action Agency does not receive any county funds. Due to federal grant limitations, local funding pots are helpful to support those struggling in our community.

On November 8, 2022, the Board of Public Works was introduced to The Ottawa County 2021 Community Assessment which introduced ALICE – an acronym for Asset Limited, Income Constrained, Employed – households that earn more than the Federal Poverty Level, but struggle to make ends meet and afford basic household necessities.

Public assistance programs are based on the Federal Poverty Level, but the FPL is not enough for a household to cover even its most minimal costs. This means that assistance programs serve far fewer households than actually need assistance, even in a strong economy (Alice Report, 2021).

In Ottawa County alone, 40,000 people “occasionally, at least once a month, or all the time” worry about running out of money for housing. At 44%, the City of Zeeland ties with Allendale Charter Township for the highest percentage of ALICE Population in Ottawa County. Therefore, the ALICE Report estimates that 1,065 City of Zeeland households do not earn enough income to cover their most minimal costs.

ZBPW Staff met with Ottawa County Community Action Agency Program Director, Jennifer Brozowski on Wednesday, July 26, 2023, to discuss the FY 2024 contract. Not only did we examine the contract, we discussed current practices and how the BPW can strengthen the residential assistance program.

For the last seven years, the Board has budgeted \$20,000 to fund residential assistance through Community Action Agency. Unfortunately, this program has not been utilized by our residents to the fullest extent and Utility Assistance needs in Ottawa County remain unmet.

On November 8, 2022, the Board approved contract language removing energy-specific nomenclature and calendar limitations to ensure assistance can be accessible for both water and electric services, at all times during the year. The FY 2022 – 2023 contract aligned assistance criteria to match Ottawa County Community Action Agency’s internal process by increasing aid from once every 12 months to twice every 12 months and increasing the \$850 cap to \$2,000. The Board approved defining low-income as those at or below 250% of the Federal Poverty Level. Creating a threshold that is consistent with other area utility assistance programs and offers more opportunities for residents to qualify.

Staff is excited to share that ZBPW and Community Action Agency assisted 24 homeowners with \$6,139 of utility charges from October 2022 to June 2023. Although we are still well under the \$20,000 residential assistance budget, this is the most customers and dollars assisted since FY 2015 and Staff has committed to dedicating time in FY 2024 to explore new programs and initiatives.

Motion was made by Commissioner Query and seconded by Commissioner Walters to approve the Zeeland Board of Public Works Utility Assistance Grant agreement in Conjunction with Community Action Agency for the period July 1, 2023 through June 30, 2024 as presented. Motion carried. All voting aye.

Other Business

BPW Strategic Action Plan Update:

The Leadership Team has developed an action plan as an outcome of the BPW 2022-2027 Strategic Plan. The action plan is an offshoot of the Key Priorities identified in the Strategic Plan. A workbook containing a listing of action items under each of the Key Priority Headings was included in the Board Packet which Mulder reviewed in today's meeting. The action items are derived from our annual operational initiatives including, but not limited to, capital projects, program initiatives, utility rates, and policies. This list is periodically updated to reflect progress and has become a working document that is reimaged each fiscal year and appended to the Strategic Plan document.

Thank You's:

A thank you note was received from Brett Geertsma, Director of Recreation for Zeeland Public Schools, for Community Grant funding awarded for the procurement of handicap accessible fitness equipment. A thank you note was also received from Jennifer Owens and Beth Blanton of Lakeshore Advantage for our recent donation of \$25,000.

Upcoming Events

- **Next Regular ZBPW Board Meeting, Tuesday, September 12, 2023, 3:30 p.m., Water Warehouse Meeting Space.**
- Zeeland Zoom (rescheduled), Tuesday, August 8, 2023, 5:30 p.m. to 8:00 p.m., downtown Zeeland (ZBPW hosting a booth).
- Public Power Week: October 1 – 7. MMEA will again be offering a coloring contest including a \$50 Amazon gift card for the first-place winner from each utility. Additional details will be available soon.

Chairperson Boerman expressed her thanks to Staff for stepping up in Boatright's absence.

Motion was made and supported that the regular meeting be adjourned at 5:17 p.m. Motion carried. All voting aye.

Pamela Holmes, City Clerk